

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

HUONG GIANG TOURIST JOINT STOCK COMPANY

For the period from 01/01/2020 to 30/06/2020

(Reviewed)



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HUONG GIANG TOURIST JOINT STOCK COMPANY

No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province, Vietnam

REPORT OF THE BOARD OF GENERAL DIRECTORS

The Board of General Directors of Huong Giang Tourist Joint Stock Company ("the Company") presents its report and the Company's Interim Consolidated Financial Statements for the period from 01 January 2020 to 30 June 2020.

THE COMPANY

Huong Giang Tourist Joint Stock Company was established under Decision No.3243/QD-UBND dated November 2, 1996 and transformed into a joint stock company under Decision No.2559/QD-UBND dated November 15, 2007 of Thua Thien Hue Provincial People's Committee. The company was established and operated under the Certificate of Business Registration for Joint Stock Company No. 3300101124 issued by Thua Thien Hue Department of Planning and Investment for the first time on December 25, 2007 and changed for the 11th time on August 11th 2019.

The Company's head office is located at: No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province, Vietnam.

BOARD OF MANAGEMENT, BOARD OF GENERAL DIRECTORS AND BOARD OF SUPERVISION

The members of The Board of Management during the period and to the reporting date are:

Mr. Yukio Takahashi	Chairman
Mr. Le Ba Giang	Member
Mr. Yoshida Tetsuya	Member
Mr. Johnny Cheung - Ching Fu	Member
Mr. Go Fujiyama	Member

The members of The Board of General Directors during the period and to the reporting date are:

Mr. Johnny Cheung - Ching Fu	General Director
Mr. Lê Bá Giang	Deputy General Director

The members of the Board of Supervision are:

Mr. Hồ Minh Quốc	Head of Control Department	Resigned on 18/11/2019
Mrs. Đào Thị Chính	Member	Resigned on 13/05/2020
Mrs. Fumiyo Okuda	Member	

AUDITORS

The auditors of the AASC Auditing Firm Company Limited have taken the review of Interim Consolidated Financial Statements for the Company.

HUONG GIANG TOURIST JOINT STOCK COMPANY

No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province, Vietnam

STATEMENT OF THE BOARD OF GENERAL DIRECTORS' RESPONSIBILITY IN RESPECT OF THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Board of General Directors is responsible for the Interim Consolidated Financial Statements which give a true and fair view of the financial position of the Company, its operating results and its cash flows for the period. In preparing those Interim Consolidated Financial Statements, The Board of General Directors is required to:

- Establish and maintain an internal control system which is determined necessary by The Board of General Directors and Board of Management to ensure the preparation and presentation of Interim Consolidated Financial Statements do not contain any material misstatement caused by errors or frauds;
- Select suitable accounting policies and then apply them consistently;
- Make judgments and estimates that are reasonable and prudent;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Interim Consolidated Financial Statements;
- Prepare the Interim Consolidated Financial Statements on the basis of compliance with Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and the statutory requirements relevant to preparation and presentation of Interim Consolidated Financial Statements;
- Prepare the Interim Consolidated Financial Statements on going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Board of General Directors is responsible for ensuring that accounting records are kept to reflect the financial position of the Company, with reasonable accuracy at any time and to ensure that the Interim Consolidated Financial Statements comply with the registered accounting system. It is responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

We, The Board of General Directors, confirm that the Interim Consolidated Financial Statements give a true and fair view of the financial position at 30 June 2020, its operations and cash flows in the first 06-month of the year 2020 of the Company in accordance with the Vietnamese Accounting Standards, Vietnamese Corporate Accounting System and statutory requirements relevant to preparation and presentation of Interim Consolidated Financial Statements.

Other commitments

The Board of General Directors pledges that the company complies with Decree No. 71/2017/ND-CP dated 06 June 2017 guiding on corporate governance of public companies and the company does not violate the obligations of information disclosure in accordance with the regulations of the Circular No. 155/2015/TT-BTC dated 06 October 2015 issued by Ministry of Finance guiding the disclosure of information on Securities Market.

On behalf of The Board of General Directors



Le Ba Giang

Deputy General Director

Thua Thien - Hue, 20 July 2020

AUDITOR'S REPORT ON RESULTS OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS REVIEW

**To: Shareholders, The Board of Management and The Board of General Directors
Huong Giang Tourist Joint Stock Company**

We have reviewed the Interim Consolidated Financial Statements of Huong Giang Tourist Joint Stock Company prepared on 20 July 2020, from page 06 to page 40, including: Interim Consolidated Statement of financial position as at 30 June 2020, Interim Consolidated Statement of comprehensive income, Interim Consolidated Statement of cash flows and Notes to Interim Consolidated Financial Statements for the period from 01 January 2020 to 30 June 2020.

The Board of General Directors Responsibility

The Board of General Directors is responsible for the fair and reasonable preparation and presentation of the Interim Consolidated Financial Statement of the Company in accordance with Vietnamese Accounting Standards, Vietnamese Accounting Policy for Enterprises and legal regulations related to the preparation and presentation of the Interim Consolidated Financial Statement, and for the internal control that the Board of General Directors determines as necessary to ensure that there is no significant error due to a fraud or mistake in the preparation and presentation of the Interim Consolidated Financial statement.

Auditor's Responsibility

Our responsibility is to express an opinion on these Interim Consolidated Financial statements based on our review. We conducted our review in accordance with the Vietnam Standards on Reviewing Services Contract No. 2410 - Revision of Interim Financial Information performed by an independent auditor of the entity.

Interim consolidated financial information review consists of conducting interviews, particularly interviewing those responsible for financial accounting matters, and performing other analytical and reviewing procedures. A review's scale is substantially smaller than an audit in accordance with Vietnam Standards on Auditing and therefore does not give us any assurance that we will be aware of all key issues that can be identified in an audit. Accordingly, we shall not express an audit opinion.

Basis for qualified conclusion

The Financial Statements of Saigon Morin Hue Co., Ltd for the period from 01/01/2020 to 30/06/2020 are being prepared and presented on the basis that the company does not meet the assumption of going concern because the Owners of Saigon Morin Hue Co., Ltd - Huong Giang Tourist Joint Stock Company and Saigontourist Holding - One Member Limited Company have decided to dissolve the Company and the dissolution procedures are extended until 30 September 2020. However, the Company still presented the value of the above-mentioned investment by equity method on the Consolidated Financial Statements for the period from 01/01/2020 to 30/06/2020.

Conclusion

In our review, except for the influence of the matter mentioned in "Basis for qualified conclusion", we do not see the events for us that the attached Interim Consolidated Financial Statements does not reflect a true and fair view in all material respects of the financial status of Huong Giang Tourist Joint Stock Company and the results of its operations and cash flows for the period ended as at 30/06/2020, in accordance with the Vietnamese Accounting Standards, Vietnamese Enterprise Accounting System and the statutory requirements relevant to preparation and presentation of interim financial statements.

Emphasis of matter

Readers may refer to Note No.3 and Note No.17 of the Notes to the Interim Consolidated Financial Statements. As at 30 June 2020, the Company is recording and presenting on the Interim Consolidated Financial Statements the amount payable to the State Budget in the amount of VND 32 billion related to the divestment of the People's Committee of Thua Thien Hue Province at Huong Giang Tourist Joint Stock Company.

This emphasis does not affect our above-mentioned qualified Auditor's conclusion.

AASC Auditing Firm Company Limited



Vu Xuan Bien ✓

Deputy General Director

Certificate of registration to audit practice

No: 0743-2018-002-1

Hanoi, 13 August 2020



HUONG GIANG TOURIST JOINT STOCK COMPANY

 No. 2, Nguyen Cong Tru, Hue City,
 Thua Thien Hue Province, Vietnam

Interim Consolidated Financial Statements

For the period from 01/01/2020 to 30/06/2020

**INTERIM CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**
As at 30 June 2020

Code	ASSETS	Note	30/06/2020 VND	01/01/2020 VND
100	A. CURRENT ASSETS		70,275,264,467	79,924,511,105
110	I. Cash and cash equivalents	3	46,153,467,192	51,037,373,424
111	1. Cash		35,353,467,192	37,737,373,424
112	2. Cash equivalents		10,800,000,000	13,300,000,000
120	II. Short-term investments	4	1,300,000,000	800,000,000
123	1. Held to maturity investments		1,300,000,000	800,000,000
130	III. Short-term receivables		21,539,113,959	26,906,219,115
131	1. Short-term trade receivables	5	4,316,863,413	7,034,010,031
132	2. Short-term prepayments to suppliers	6	3,062,734,078	3,009,530,507
135	3. Short-term loan receivables	7	11,300,000,000	11,100,000,000
136	4. Other short-term receivables	8	4,671,838,844	7,276,103,615
137	5. Provision for short-term doubtful debts		(1,812,322,376)	(1,513,425,038)
140	IV. Inventories	10	559,596,248	751,814,028
141	1. Inventories		559,596,248	751,814,028
150	V. Other short-term assets		723,087,068	429,104,538
151	1. Short-term prepaid expenses	14	723,087,068	429,104,538
200	B. NON-CURRENT ASSETS		174,106,996,610	189,728,729,915
210	I. Long-term receivables		5,448,817,680	5,448,817,680
216	1. Other long-term receivables	8	5,448,817,680	5,448,817,680
220	II. Fixed assets		38,823,264,023	40,833,473,256
221	1. Tangible fixed assets	12	37,818,936,158	39,825,948,672
222	- Historical costs		106,479,409,239	107,016,190,317
223	- Accumulated depreciation		(68,660,473,081)	(67,190,241,645)
227	2. Intangible fixed assets	13	1,004,327,865	1,007,524,584
228	- Historical costs		1,308,338,000	1,308,338,000
229	- Accumulated amortization		(304,010,135)	(300,813,416)
240	IV. Long-term assets in progress	11	5,296,934,572	12,187,957,370
242	1. Construction in progress		5,296,934,572	12,187,957,370
250	V. Long-term investments	4	119,417,817,880	125,405,051,750
252	1. Investments in joint ventures and associates		119,417,817,880	125,405,051,750
253	2. Equity investments in other entities		3,000,000,000	3,000,000,000
254	3. Provision for devaluation of long-term investments		(3,000,000,000)	(3,000,000,000)
260	VI. Other long-term assets		5,120,162,455	5,853,429,859
261	1. Long-term prepaid expenses	14	5,120,162,455	5,853,429,859
270	TOTAL ASSETS		244,382,261,077	269,653,241,020

**INTERIM CONSOLIDATED STATEMENT
OF FINANCIAL POSITION**

As at 30 June 2020

(continue)

Code	CAPITAL	Note	30/06/2020 VND	01/01/2020 VND
300	C. LIABILITIES		43,040,838,926	45,507,147,328
310	I. Current liabilities		41,442,453,926	43,908,762,328
311	1. Short-term trade payables	15	3,309,304,231	3,649,918,105
312	2. Short-term prepayments from customers		448,225,431	629,028,778
313	3. Taxes and other payables to State budget	16	2,270,522,091	1,092,377,030
314	4. Payables to employees		1,351,785,493	3,394,812,380
319	5. Other short-term payments	17	33,174,352,680	33,810,230,035
320	6. Short-term borrowings and finance lease liabilities	18	888,264,000	1,332,396,000
330	II. Non-current liabilities		1,598,385,000	1,598,385,000
338	1. Long-term borrowings and finance lease liabilities	18	1,598,385,000	1,598,385,000
400	D. OWNER'S EQUITY		201,341,422,151	224,146,093,692
410	I. Owner's equity	19	201,341,422,151	224,146,093,692
411	1. Contributed capital		200,000,000,000	200,000,000,000
411a	Ordinary shares with voting rights		200,000,000,000	200,000,000,000
412	2. Share Premium		47,223,517,700	47,223,517,700
421	3. Retained earnings		(45,882,095,549)	(23,077,424,008)
421a	Retained earnings accumulated till the end of the previous year		(23,077,424,008)	(26,830,550,252)
421b	Retained earnings of the current period		(22,804,671,541)	3,753,126,244
440	TOTAL CAPITAL		244,382,261,077	269,653,241,020

Ngo Duc Chinh
Preparer

Ngo Due Chinh
Chief Accountant

Le Ba Giang
Deputy General Director

Thua Thien - Hue, 20 July 2020

HUONG GIANG TOURIST JOINT STOCK COMPANY

No. 2, Nguyen Cong Tru, Hue City,
Thua Thien Hue Province, Vietnam

Interim Consolidated Financial Statements
For the period from 01/01/2020 to 30/06/2020

INTERIM CONSOLIDATED STATEMENT OF INCOME

For the period from 01/01/2020 to 30/06/2020

Code	ITEM	Note	first 06-month of the year 2020	first 06-month of the year 2019
			VND	VND
01	1. Revenue from sales of goods and rendering of services	21	16,666,002,786	50,029,127,824
02	2. Revenue deductions		-	-
10	3. Net revenue from sales of goods and rendering of services		16,666,002,786	50,029,127,824
11	4. Cost of goods sold	22	18,464,512,156	39,002,034,196
20	5. Gross profit from sales of goods and rendering of services		(1,798,509,370)	11,027,093,628
21	6. Financial income	23	876,650,227	858,849,535
22	7. Financial expense	24	110,180,486	159,593,734
23	<i>In which: Interest expenses</i>		110,098,317	159,377,308
24	8. Share of joint ventures and associates' profit or loss		(5,987,233,870)	4,029,547,360
25	9. Selling expenses	25	582,736,896	1,062,713,491
26	10 General and administrative expense	26	7,001,973,327	9,183,988,933
30	11. Net profit from operating activities		(14,603,983,722)	5,509,194,365
31	12. Other income	27	763,735,279	525,649,887
32	13. Other expense	28	8,964,423,098	18,810,583
40	14. Other profit		(8,200,687,819)	506,839,304
50	15. Total net profit before tax		(22,804,671,541)	6,016,033,669
51	16. Current corporate income tax expenses	28	-	-
60	18. Profit after corporate income tax		(22,804,671,541)	6,016,033,669
61	19. Profit after tax attributable to owners of the parent		(22,804,671,541)	6,016,033,669
62	20. Profit after tax attributable to non-controlling interest		-	-
70	21. Basic earnings per share	29	(1,140)	301

Ngo Duc Chinh
Preparer

Ngo Duc Chinh
Chief Accountant

Le Ba Giang
Deputy General Director

Thua Thien - Hue, 20 July 2020

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 01/01/2020 to 30/06/2020

(Indirect method)

Code ITEM	Note	first 06-month of the year 2020 VND	first 06-month of the year 2019 VND
I. CASH FLOWS FROM OPERATING ACTIVITIES			
01 1. Profit before tax		(22,804,671,541)	6,016,033,669
2. Adjustments for			
02 - Depreciation and amortization of fixed assets and investment properties		2,002,724,509	2,151,793,119
03 - Provisions		298,897,338	(111,021,046)
05 - Gains / losses from investment		14,075,060,539	(5,348,882,714)
06 - Interest expense		110,098,317	159,377,308
08 3. Operating profit before changes in working capital		(6,317,890,838)	2,867,300,336
09 - Increase or decrease in receivables		2,511,882,818	(947,272,223)
10 - Increase or decrease in inventories		192,217,780	79,685,956
11 - Increase or decrease in payables (excluding interest payable/ corporate income tax payable)		(2,022,176,402)	(358,232,117)
12 - Increase or decrease in prepaid expenses		439,284,874	2,104,552,425
14 - Interest paid		(110,098,317)	(159,377,308)
15 - Corporate income tax paid		-	(135,656,673)
17 - Other payments on operating activities		-	(180,872,316)
20 Net cash flows from operating activities		(5,306,780,085)	3,270,128,080
II. CASH FLOWS FROM INVESTING ACTIVITIES			
21 1. Purchase or construction of fixed assets and other long-term assets		(2,073,400,000)	(1,950,372,736)
22 2. Proceeds from disposals of fixed assets and other long-term assets		-	240,909,091
23 3. Loans and purchase of debt instruments from other entities		(700,000,000)	(11,500,000,000)
27 4. Interest and dividend received		3,632,921,129	858,426,263
30 Net cash flows from investing activities		859,521,129	(12,351,037,382)
III CASH FLOWS FROM FINANCING ACTIVITIES			
34 1. Repayment of principal		(444,132,000)	(666,198,000)
40 Net cash flows from financing activities		(444,132,000)	(666,198,000)

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

For the period from 01/01/2020 to 30/06/2020

(Indirect method)

Code ITEM	Note	first 06-month of the year 2020	first 06-month of the year 2019
		VND	VND
50 Net cash flows in the period		(4,891,390,956)	(9,747,107,302)
60 Cash and cash equivalents at the beginning of the period		51,037,373,424	61,999,168,780
61 Effect of exchange rate fluctuations		7,484,724	-
70 Cash and cash equivalents at the end of the period	3	<u>46,153,467,192</u>	<u>52,252,061,478</u>


Ngo Duc Chinh
Preparer


Ngo Duc Chinh
Chief Accountant


Le Ba Giang
Deputy General Director



Thua Thien - Hue, 20 July 2020

NOTES TO INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the period from 01/01/2020 to 30/06/2020

1 . GENERAL INFORMATION OF THE COMPANY

Form of Ownership

Huong Giang Tourist Joint Stock Company was established under Decision No.3243/QD-UBND dated November 2, 1996 and transformed into a joint stock company under Decision No.2559/QD-UBND dated November 15, 2007 of Thua Thien Hue Provincial People's Committee. The company was established and operated under the Certificate of Business Registration for Joint Stock Company No. 3300101124 issued by Thua Thien Hue Department of Planning and Investment for the first time on December 25, 2007 and changed for the 11th time on August 11th 2019.

The Company's head office is located at: No. 2, Nguyen Cong Tru, Hue City, Thua Thien Hue Province, Vietnam.

Company's Charter capital: VND 200,000,000,000, the actual charter capital contributed to 30/06/2020 is VND 200,000,000,000; Equivalent to 20,000,000 shares with the price of VND 10,000 per share.

Business field

Hospitality industry and tourism services.

Business activities

Main business activities of the Company include:

- Short-stay services;
- Wholesale of beverage;
- Wholesale of food;
- Wholesale of other household appliances such as trading cosmetics and hygiene products;
- Lottery, betting, gambling activities such as electronic games with prizes for foreigners;
- Entertainment activities not yet categorized such as Karaoke services;
- Tour operator such as international and domestic travel business; and
- Restaurants and mobile catering services such as restaurants and cafes.

The Company's operation in the period that affects the Interim Consolidated Financial Statements

- The Covid-19 pandemic that occurred in the first half of 2020 had a negative impact on almost all economic sectors in the world. The tourism industry in particular, is one of the industries that suffer the most due to the limitation of domestic travel as well as the complete halt of passenger transportation from outside of Vietnam. This led to a 66% decrease in the company's revenue in comparison with the same period last year.
- During the period, according to Resolution No. 18/20/NQ-HĐQT dated 30 June 2020 of the Board of Directors and Minutes of liquidation of technical service consulting contract dated 30 June 2020 with Azula Management Co., Ltd. regarding the consultation and outline of facilities investment ideas for Huong Giang Hotel, the Company recognized all incurred costs into other costs. Therefore, other costs of the Company in this period sharply increased in comparison with the same period last year.

Group structure

The Company has one (01) subsidiary - Huong Giang Travel Sole Member Limited Liability Company which is consolidated in the financial statements as at 30/06/2020; its head office is located at 11 Le Loi, Hue city, Thua Thien Hue Province. The voting rights and interest rate of the Company in the subsidiary is 100% with the main business being travel business and ticket agent.

2 . ACCOUNTING SYSTEM AND ACCOUNTING POLICY

2.1 . Accounting period and accounting currency

Annual accounting period commences from 1st January and ends as at 31st December.

The Company maintains its accounting records in VND.

2.2 . Standards and Applicable Accounting Policies

Applicable Accounting Policies

The Company applies Corporate Accounting System issued under the Circular No. 200/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance, the Circular No. 53/2016/TT-BTC dated 21 March 2016 issued by Ministry of Finance amending and supplementing some articles of the Circular No. 200/2014/TT-BTC and the Circular No. 202/2014/TT-BTC dated 22 December 2014 by the Ministry of Finance guiding the preparation and presentation of Consolidated Financial Statements.

Declaration of compliance with Accounting Standards and Accounting System

The Company applies Vietnamese Accounting Standards and supplementary documents issued by the State. Financial Statements are prepared and presented in accordance with regulations of each standard and supplementary document as well as with current Accounting Standards and Accounting System.

2.3 . Basis for preparation of consolidated financial statements

Consolidated Financial Statements are prepared based on consolidating Separate Financial Statements of the Company and Financial Statements of its subsidiary under its control are prepared for the period from 01/01/2020 to 30/06/2020. Control right is achieved when the company has power to govern the financial and operating policies of invested company to obtain benefits from their activities.

Consistent accounting policies are applied in Financial Statements of subsidiaries and the Company. If necessary, adjustments are made to the Financial Statements of subsidiaries to ensure the consistency of application of accounting policies among the Company and its subsidiary.

Balance, main incomes and expenses, including unrealized profits from intra-group transactions are eliminated in full from Consolidated financial statements.

Non – controlling interests

Non – controlling interests represents the portion of profit or loss and net assets of subsidiaries not held by the Company.

2.4 . Financial Instruments

Initial recognition

Financial assets

Financial assets of the Company include cash, cash equivalents, trade receivables, other receivables, lending loans. At initial recognition, financial assets are identified by purchasing price/issuing cost plus other expenses directly related to the purchase and issuance of those assets.

Financial liabilities

Financial liabilities of the Company include borrowings, trade payables, other payables. At initial recognition, financial liabilities are determined by issuing price plus other expenses directly related to the issuance of those liabilities.

Subsequent measurement after initial recognition

There are currently no regulations on revaluation of financial instruments after initial recognition.

2.5 . Foreign currency transactions

The foreign currency transactions during the year are translated into Vietnam Dong using the real exchange rate ruling at the transaction date. Real exchange rates are determined under the following principles:

- When buying or selling foreign currency, applying the exchange rates specified in the contracts of foreign exchange sale between Company and commercial banks;
- When recording receivables, applying the bid rate of the commercial bank stipulated by the Company for customers to make payment at the transaction time;
- When recording payables, applying the offer rate of the commercial bank where the Company expects to conduct transactions at the transaction time.

Real exchange rate when revaluating monetary items denominated in foreign currencies at the reporting date of Consolidated Financial Statements is determined under the following principles:

- For asset accounts, applying the bid rate of the commercial bank where the Company regularly conducts transaction;
- For foreign currency deposited in bank, applying the bid rate of the bank where the Company opens its foreign currency accounts;
- For liability accounts, applying the offer rate of the commercial bank where the Company regularly conducts transaction.

All exchange differences arising from foreign currency transactions in the year and from revaluation of remaining foreign currency monetary items at the end of the period are recorded immediately to operating results of the accounting period.

2.6 . Cash and cash equivalents

Cash comprises cash on hand, demand deposits.

Cash equivalents are short-term investments with the maturity of not over than 3 months from the date of investment, that are highly liquid and readily convertible into known amount of cash and that are subject to an insignificant risk of conversion into cash.

2.7 . Business combination

All business combinations shall be accounted for by applying the purchase method. The cost of a business combination includes the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the acquirer, in exchange for control of the acquiree plus any costs directly attributable to the business combination. The acquiree's identifiable assets, liabilities and contingent liabilities in business combination are measured at their fair values at the at the acquisition date.

2.8 . Financial investments

Investments held to maturity comprise term deposits (including treasury bills and promissory notes), bonds, preference shares which the issuer is required to repurchase at a certain time in the future and loans, etc. held to maturity to earn profits periodically and other held to maturity investments.

In the Consolidated Financial Statements, investments in joint ventures and associates are accounted for using equity method. Under this method, the investments are initially recognised at cost and adjusted thereafter for the post acquisition change in the Group's share in net assets of the associate after acquisition date. Goodwill incurred from the investment in the associates is reflected in the carrying amount of the investment in the associate. The Group will not allocate such goodwill but assess annually to determine whether the goodwill is under impaired loss or not.

The share of investor in post-acquisition profits or losses of the associate is recognised in the consolidated income statement, and the share of investor in post-acquisition movements in equity of the associate is recognised in equity. The post-acquisition accumulated changes are adjusted to carrying amount of investments. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment.

Financial Statements of associates are prepared in the same period with the Group's consolidated financial statements and use the consistent accounting policies with the Group's policies. Adjustment shall be made if necessary to ensure the consistence with the Group's accounting policies.

Investments in equity of other entities comprise investments in equity instruments of other entities without having control, joint control, or significant influence on the investee. These investments are initially stated at original cost. After initial recognition, these investments are measured at original cost less provision for devaluation of investments.

Provision for devaluation of investments is made at the end of the period as follows:

- With regard to investments held long-term (other than trading securities) without significant influence on the investee: If the investment is made in listed shares or the fair value of the investment is determined reliably, the provisions shall be made on the basis of the market value of the shares; the provision shall be made based on the Financial Statements at the provision date of the investee.
- With regard to investments held to maturity, the provision for doubtful debts shall be made based on the recovery capacity in accordance with statutory regulations.

2.9 . Receivables

The receivables shall be recorded in details in terms of due date, entities receivable, types of currency and other factors according to requirements for management of the Company.

The provision for doubtful debts is made for receivables that are overdue under an economic contract, a loan agreement, a contractual commitment or a promissory note and for receivables that are not due but difficult to be recovered. Accordingly, the provisions for overdue debts shall be based on the due date stipulated in the initial sale contract, exclusive of the debt rescheduling between contracting parties and the case where the debts are not due but the debtor is in bankruptcy, in dissolution, or missing and making fleeing.

2.10 . Inventories

Inventories are initially recognized at original cost including purchase price, processing cost and other costs incurred in bringing the inventories to their location and condition at the time of initial recognition. After initial recognition, at the reporting date, inventories are stated at the lower of cost and net realizable value.

The cost of inventory is calculated by weighted average method.

Inventory is recorded by perpetual.

Provision for devaluation of inventories made at the end of the period is based on the excess of original cost of inventory over their net realizable value.

2.11 . Fixed assets, Finance lease fixed assets

Fixed assets (tangible and intangible) are initially stated at the historical cost. During the using time, fixed assets (tangible and intangible) are recorded at cost, accumulated depreciation and carrying amount.

Fixed assets are depreciated (amortised) using the straight-line method over their estimated useful lives as follows:

- Buildings, structures
- Machinery, equipment
- Vehicles, Transportation equipment
- Office equipment and furniture
- Land use rights
- Managerment software

05 - 50 years
05 - 10 years
05 - 15 years
03 - 07 years
Permanent
05 years

2.12 . Construction in progress

Construction in progress includes fixed assets which is being purchased and constructed as at the balance sheet date and is recognised in historical cost. This includes costs of construction, installation of equipment and other direct costs. Construction in progress is not depreciated until the relevant assets are completed and put into use.

2.13 . Operating lease

Operating leases is fixed asset leasing in which a significant portion of the risks and rewards of ownership are retained by the lessor. Payments made under operating leases are charged to income statement on a straight-line basis over the period of the lease.

2.14 . Prepaid expenses

The expenses incurred but related to operating results of several accounting periods are recorded as prepaid expenses and are allocated to the operating results in the following accounting periods.

The calculation and allocation of long-term prepaid expenses to operating expenses in each accounting period should be based on the nature of those expenses to select a reasonable allocation method and criteria. Prepaid expenses are allocated gradually into operating expenses on the straight-line basis.

2.15 . Payables

The payables shall be recorded in details in terms of due date, entities payable, types of currency and other factors according to the requirements for management of the Company.

2.16 . Borrowings

Borrowings shall be recorded in details in terms of lending entities, loan agreement and terms of borrowings. In case of borrowings denominated in foreign currency, they shall be recorded in details in terms of types of currency.

2.17 . Borrowing costs

Borrowing costs are recognized as operating expenses in the year, in which it is incurred excepting those which are directly attributable to the construction or production of a qualifying asset are capitalized as part of the cost of that asset in accordance with VAS No. 16 "Borrowing costs". Besides, regarding borrowings serving the construction of fixed assets and investment properties, the interests shall be capitalized even when the construction duration is under 12 months.

2.18 . Owner's equity

Owner's equity is stated at actually contributed capital of owners.

Share premium is recorded at the difference between the par value with costs directly attributable to the issuance of shares and issue price of shares (including the case of re-issuing treasury shares) and can be a positive premium (if the issue price is higher than par value and costs directly attributable to the issuance of shares) or negative premium (if the issue price is lower than par value and costs directly attributable to the issuance of shares).

Retained earnings are used to present the Company's operating results (profit, loss) after corporate income tax and profit appropriation or loss handling of the Company. The distribution of net profits is made when the net profit of the company does not exceed the net profit presented on Consolidated Financial Statements after eliminating the profits from cheap purchase. In case dividend payment or profit distribution for the owners exceeds the net profit, the difference shall be recorded as a decrease in contributed capital. Net profit can be distributed to investors based on capital contribution rate after being approved by General Meeting of Shareholders and after being appropriated to funds in accordance with the Company's Articles of Incorporation and Vietnamese statutory requirements.

The Company's retained earnings is distributed to other funds according to recommendation of the Board of Management and approval of shareholders at annual General Meeting of Shareholders:

- Development and investment funds: The fund is reserved for the purpose of business expansion or in depth investment.
- Bonus and welfare fund and bonus for the Board of Directors: The fund is reserved for the purpose of bonus, material incentives, common benefit and increasing welfare for employees and presented as a liability on the Consolidated Statement of Financial Position.

Dividends to be paid to shareholders are recognised as a payable in Statement of Financial position after the announcement of dividend payment from the Board of Management.

2.19 . Revenue*Sales of goods*

Revenue from the sale of goods shall be recognised when all of the following conditions have been satisfied:

- Significant risks and rewards associated with the ownership of the goods have been transferred to the buyer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The cost incurred or to be incurred in respect of the transaction can be measured reliably.

Rendering of services

Revenue from rendering of services shall be recognised when all the following conditions have been satisfied:

- The amount of the revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company;
- The stage of the completion of the transaction at the end of the reporting period can be measured reliably; and
- The costs incurred for the transaction and the costs to complete the transaction can be measured reliably.

The stage of the completion of the transaction may be determined by evaluating the volume of work performed.

Financial income

Revenue arising from the used by the others of entity assets yielding interest, royalties and dividends shall be recognised when:

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- The amount of the revenue can be measured reliably.

2.20 . Cost of goods sold

The recognition of cost of goods sold is matched against the revenue in the period and complies with the prudence principle. Cases of loss of materials and goods exceeded the norm, abnormal expenses and losses of inventories after deducting the responsibility of collective and individuals concerned, etc. is recognized fully and promptly into cost of goods sold in the period.

2.21 . Financial expenses

Items recorded into financial expenses comprise:

- Expenses or losses relating to financial investment activities;
- Borrowing costs;
- Provision for losses from investment in other entities, losses from sale of foreign currency, exchange loss, etc.

The above items are recorded by the total amount arising in the year without offsetting against financial income

2.22 . Corporate income tax**a) Current corporate income tax expenses**

Current corporate income tax expenses are determined based on taxable income during period, and current corporate income tax rate.

b) Current corporate income tax rate

The Company applies the corporate income tax rate of 20% for the operating activities which has taxable income for the period ended as at 30 June 2020.

2.23 . Earnings per share

Basic earnings per share are calculated by dividing net profit or loss after tax for the year attributable to ordinary shareholders of the Company (after adjusting for the bonus and welfare fund and allowance for Board of Directors) by the weighted average number of ordinary shares outstanding during the period.

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2.24 . Related Parties

The parties are regarded as related parties if that party has the ability to control or significantly influence the other party in making decisions about the financial policies and activities. The Company's related parties include:

- Companies, directly or indirectly through one or more intermediaries, having control over the Company or being under the control of the Company, or being under common control with the Company, including the Company's parent, subsidiaries and associates;
- Individuals, directly or indirectly, holding voting power of the Company that have a significant influence on the Company, key management personnel including directors and employees of the Company, the close family members of these individuals;
- Enterprises that the above-mentioned individuals directly or indirectly hold an important part of the voting power or have significant influence on these enterprises.

In considering the relationship of related parties to serve for the preparation and presentation of Interim Consolidated Financial Statements, the Company should consider the nature of the relationship rather than the legal form of the relationship.

2.25 . Segment information

The Company's main business is the hotel and tourism business and mainly takes place in the territory of Vietnam. Therefore, the Company does not present the segment report by business sector and geographic area.

3 . CASH AND CASH EQUIVALENTS

	30/06/2020	01/01/2020
	VND	VND
Cash on hand	724,032,250	372,537,342
Demand deposits (1)	34,626,834,942	37,340,826,082
Cash in transit	2,600,000	24,010,000
Cash equivalents (2)	10,800,000,000	13,300,000,000
	<u>46,153,467,192</u>	<u>51,037,373,424</u>

(1) As at 30/06/2020, non-term deposits with the amount of VND 34,626,834,942, of which VND 32,096,834,577 was the proceeds from the transfer of capital of People's Committee of Thua Thien Hue Province for Bitexco Group of Companies, this money is limited to use in accordance with Official Letter No. 1398/STC-TCDN dated 26/5/2016 of Department of Finance of Thua Thien Hue Province.

(More information as in Note No.17).

(2) As at 30/06/2020, cash equivalents are term deposits from 01 month to 03 months valued at VND 10,800,000,000 at Joint Stock Commercial Bank for Foreign Trade of Vietnam - Hue Branch and DongA Joint Stock Commercial Bank with the interest from 4.5% per year to 5.3% per year.

4 . FINANCIAL INVESTMENTS**a) Short-term**

	30/06/2020		01/01/2020	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Term deposits (*)	1,300,000,000	-	800,000,000	-
	<u>1,300,000,000</u>	<u>-</u>	<u>800,000,000</u>	<u>-</u>

(*) The 12 month-term deposit according to the term deposit contracts dated 19/06/2019 and 23/06/2020 between An Binh Commercial Joint Stock Bank - Thua Thien Hue Branch and Huong Giang Travel Sole Member Limited Liability Company with interest rates of 7.4%/year and 6.0%/year. When the contract expires, if there is no other agreement, the contract will be automatically transferred to the new term by An Binh Commercial Joint Stock Bank.

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4 . FINANCIAL INVESTMENTS

b) Long - term

	30/06/2020			01/01/2020				
	Address	Proportion of ownership	Proportion of voting rights	Book value under the equity method	Address	Proportion of ownership	Proportion of voting rights	Book value under the equity method
Investments in associates				VND				VND
- Lang Co Tourist Co., Ltd.	Loan Ly Village, Lang Co Town, Phu Loc District, Thua Thien Hue Province	40.00%	40.00%	3,686,402,178	Loan Ly Village, Lang Co Town, Phu Loc District, Thua Thien Hue Province	40.00%	40.00%	5,054,397,684
- Hue Tourist Service JSC ⁽¹⁾	Ngu Binh Park, Thuy An Commune, Thua Thien Hue Province	20.00%	20.00%	-	Ngu Binh Park, Thuy An Commune, Hue City, Thua Thien Hue Province	20.00%	20.00%	-
- Thien Phuc Tourist JSC ⁽¹⁾	An Tay Ward, Hue City, Thua Thien Hue Province	31.33%	31.33%	518,052,851	An Tay Ward, Hue City, Thua Thien Hue Province	31.33%	31.33%	940,000,000
Investments in joint ventures								
- Saigon Morin Hue Co., Ltd.	30 Le Loi Street, Phu Nhuan Ward, Thua Thien Hue Province	50.00%	50.00%	51,001,104,996	30 Le Loi Street, Phu Nhuan Ward, Hue City, Thua Thien Hue Province	50.00%	50.00%	51,169,224,237
- Viet Nhat Tourism and Restaurant Services Co., Ltd. ⁽¹⁾	5190 Shindo Sagamiharashi Kanagawa, Japan	50.00%	50.00%	-	5190 Shindo Sagamiharashi Kanagawa, Japan	50.00%	50.00%	-
- Hotel De La Cite Imperiale Co.,Ltd.	5 Le Loi Street, Hue City, Thua Thien Hue Province	35.24%	35.24%	42,531,068,934	5 Le Loi Street, Hue City, Thua Thien Hue Province	35.24%	35.24%	46,559,122,982
- Citadel Investment Tourist Co., Ltd.	2 Nguyen Cong Tru Street, Hue City, Thua Thien Hue Province	35.00%	35.00%	21,681,188,921	2 Nguyen Cong Tru Street, Hue City, Thua Thien Hue Province	35.00%	35.00%	21,682,306,847
				<u>119,417,817,880</u>				<u>125,405,051,750</u>

Major transactions between the Company and joint ventures, associates during the period: as detailed in Note 33.

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Equity investments in other entities

	30/06/2020		01/01/2020	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
- Thuan An Tourist Investment and Development Co., Ltd. ⁽²⁾	3,000,000,000	(3,000,000,000)	3,000,000,000	(3,000,000,000)
	<u>3,000,000,000</u>	<u>(3,000,000,000)</u>	<u>3,000,000,000</u>	<u>(3,000,000,000)</u>

The Company has not determined the fair value of financial investments since Vietnam Accounting Standards and Vietnam Corporate Accounting System has not had any detailed guidance on the determination of the fair value.

(1) Stopped Operating

(2) The investment with the total amount of VND 3,000,000,000 in Thuan An Tourist Investment and Development Co., Ltd., which is located in Thua Thien Hue Province with the main business is hotel business and tourism services. The rate of interest and rate of votings right of the Company in this unit is 12%.

This investment has been fully provisioned. The Company has not determined the fair value of financial investments since Vietnam Accounting Standards and Vietnam Corporate Accounting System has not had any detailed guidance on the determination of the fair value.

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5 . SHORT - TERM TRADE RECEIVABLES

	31/12/2018		01/01/2018	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
Trade receivables detailed by customers with large account balances				
Thuan An Tourist Investment and Development Co., Ltd	717,110,038	(717,110,038)	717,110,038	(717,110,038)
Tulico - Huong Giang Joint Stock Company	720,000,000	(720,000,000)	720,000,000	(720,000,000)
Other trade receivables	2,879,753,375	(76,315,000)	5,596,899,993	(76,315,000)
	4,316,863,413	(1,513,425,038)	7,034,010,031	(1,513,425,038)

6 . SHORT - TERM PREPAYMENTS TO SUPPLIERS

	30/06/2020		01/01/2020	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- District Eight Design Co., Ltd	-	-	1,366,100,000	-
- Thinh Chau Trading and Technical Services Co., Ltd	1,438,276,000	-	-	-
- Others	1,624,458,078	-	1,643,430,507	-
	3,062,734,078	-	3,009,530,507	-

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7 . SHORT - TERM LOAN RECEIVABLES

	30/06/2020		01/01/2020	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
- Hotel De La Cite Imperiale Co.,Ltd. ⁽¹⁾	10,500,000,000	-	10,500,000,000	-
- Citadel Investment Tourist Co., Ltd. ⁽²⁾	800,000,000	-	600,000,000	-
	<u>11,300,000,000</u>	<u>-</u>	<u>11,100,000,000</u>	<u>-</u>
Loan receivables from related parties				
	<u>11,300,000,000</u>	<u>-</u>	<u>11,100,000,000</u>	<u>-</u>

(Details as in Notes No.33).

Detail information on short-term loan receivables is as follows:

(1) Loan agreement and contract Appendix No.04/KT-HG-062020 dated 22/06/2020, with a total amount of VND 10,500,000,000, the loan term is extended according to Appendix No.04/KT-HG-062020 dated 22/06/2020 from 01/07/2020 to 31/12/2020 at the interest rate of 7.6%/year. The purpose of the loan is to supplement working capital.

(2) Including 02 contracts disbursed in part:

+ Loan contract No. 01/HGT-CIT-042019 and Appendix No. 02/HGT-CIT-042020 dated 30/04/2020 with the total amount of VND 600,000,000, the purpose of the loan is to supplement working capital. The loan term is 08 months from 01/05/2020 to 31/12/2020 at an interest rate of 7.6%/year.

+ Loan contract No. 02/HGT-CIT-010220 dated 17/01/2020 with a total amount of VND 700,000,000, the purpose of borrowing is to supplement working capital, the loan term is 12 months from the date of disbursement the first loan with interest rate of 9.3%/year.

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8 . OTHER RECEIVABLES

	30/06/2020		01/01/2020	
	Value	Provision	Value	Provision
	VND	VND	VND	VND
a) Short-term				
Dividends and profits receivable	-	-	3,250,000,000	-
Receivables from interest of deposit, loan	493,675,000	-	-	-
Advances	779,339,000	-	698,289,000	-
Loan interest receivables from Bitexco Group of Companies	1,570,500,000	-	1,570,500,000	-
Handover project of Saigon Morin Hue Co., Ltd.	933,690,527	-	933,690,527	-
Receivable from payment on behalf of Thien Phuc Tourist JSC	298,897,338	(298,897,338)	298,897,338	-
Revenue not yet invoiced	284,164,240	-	227,656,978	-
Special consumption tax paid on behalf of VIP Club	220,639,373	-	220,639,373	-
Others	90,933,366	-	76,430,399	-
	4,671,838,844	(298,897,338)	7,276,103,615	-
b) Long-term				
Deposits	500,000,000	-	500,000,000	-
Dat Viet Culture Joint Stock Company (*)	4,948,817,680	-	4,948,817,680	-
	5,448,817,680	-	5,448,817,680	-
c) Other receivables from related parties				
	2,363,072,338	-	5,119,397,338	-

(*) This is the construction in progress and advances to the contractors of Tran Nhan Tong Pagoda (currently known as Huong Van Pagoda) of Huyen Tran Culture Centre. In 2011, the Company handed over to Dat Viet Culture Joint Stock Company (formerly known as Huyen Tran Culture Joint Stock Company) to continue to control and finalise these expenses with the contractors.

(Details as in Notes No.33).

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9 . BAD DEBTS

	30/06/2020		01/01/2020	
	Original cost	Recoverable value	Original cost	Recoverable value
	VND	VND	VND	VND
Total value of receivables and debts that are overdue or not due but difficult to be recovered				
- Thuan An Tourist Investment and Development Co., Ltd	717,110,038	-	717,110,038	-
- Tulico - Huong Giang Joint Stock Company	720,000,000	-	720,000,000	-
- Thien Phuc Tourist JSC	298,897,338	-	-	-
- Others	76,315,000	-	76,315,000	-
	1,812,322,376	-	1,513,425,038	-

10 . INVENTORIES

	30/06/2020		01/01/2020	
	Original cost	Provision	Original cost	Provision
	VND	VND	VND	VND
Raw materials	264,063,261	-	408,055,182	-
Tools, supplies	16,906,364	-	16,906,364	-
Goods	278,626,623	-	326,852,482	-
	559,596,248	-	751,814,028	-

11 . CONSTRUCTION IN PROGRESS

	30/06/2020	01/01/2020
	VND	VND
- Huong Giang Hotel Renovation Project	-	8,964,422,798
- Festival Restaurant Renovation Project, 11 Le Loi - Hue (*)	5,296,934,572	3,223,534,572
	5,296,934,572	12,187,957,370

(*) Festival Restaurant Renovation Project, 11 Le Loi - Hue

- Investor: Huong Giang Tourist Joint Stock Company;
- Construction purpose: restaurant and rental business;
- Construction site: No. 11 Le Loi, Hue City, Thua Thien - Hue Province;
- Total investment: VND 23.3 billion (nearly USD 1,0 million);
- Time to start implementing the project and the expected completion time: in the fourth quarter of 2019 and expected to be completed in the third quarter of 2020;
- Status of the project as at 30/06/2020: Construction is underway for the outside of the restaurant.

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12 . TANGIBLE FIXED ASSETS

	Buildings, structures	Machinery, equipment	Vehicles, transportation equipment	Management equipment	Total
	VND	VND	VND	VND	VND
Original cost					
Beginning balance	69,122,713,594	12,356,958,358	24,803,976,721	732,541,644	107,016,190,317
- Liquidation, disposal	(536,781,078)	-	-	-	(536,781,078)
Ending balance of the period	68,585,932,516	12,356,958,358	24,803,976,721	732,541,644	106,479,409,239
Accumulated depreciation					
Beginning balance	45,846,820,722	11,546,135,143	9,064,744,136	732,541,644	67,190,241,645
- Depreciation for the period	899,973,325	117,058,056	982,496,409	-	1,999,527,790
- Liquidation, disposal	(529,296,354)	-	-	-	(529,296,354)
Ending balance of the period	46,217,497,693	11,663,193,199	10,047,240,545	732,541,644	68,660,473,081
Net carrying amount					
Beginning balance	23,275,892,872	810,823,215	15,739,232,585	-	39,825,948,672
Ending balance	22,368,434,823	693,765,159	14,756,736,176	-	37,818,936,158
<i>In which:</i>					
- The carrying amount of tangible fixed assets pledged as collaterals for borrowings at the end of the period:	VND 16,155,041,052.				
- Cost of fully depreciated tangible fixed assets but still in use at the end of the period:	VND 34,149,958,413.				

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13 . INTANGIBLE FIXED ASSETS

	Land use rights (*) VND	Computer software VND	Cộng VND
Historical cost			
Beginning balance	999,000,000	309,338,000	1,308,338,000
Ending balance of the period	999,000,000	309,338,000	1,308,338,000
Accumulated depreciation			
Beginning balance	-	300,813,416	300,813,416
- Depreciation for the period	-	3,196,719	3,196,719
Ending balance of the period	-	304,010,135	304,010,135
Net carrying amount			
Beginning balance	999,000,000	8,524,584	1,007,524,584
Ending balance	999,000,000	5,327,865	1,004,327,865

(*) Land use right at 02 Nguyen Cong Tru, Hue City, Thua Thien - Hue Province is currently used as the Company's office.

14 . PREPAID EXPENSES

	30/06/2020 VND	01/01/2020 VND
a) Short-term		
Dispatched tools and supplies	102,244,726	179,145,007
Others	620,842,342	249,959,531
	723,087,068	429,104,538
b) Long-term		
Dispatched tools and supplies	1,538,733,499	2,198,976,573
Assets reparation expenses	1,341,115,185	1,346,211,177
Others	2,240,313,771	2,308,242,109
	5,120,162,455	5,853,429,859

15 . SHORT - TERM TRADE PAYABLES

	30/06/2020		01/01/2020	
	Outstanding balance VND	Amount can be paid VND	Outstanding balance VND	Amount can be paid VND
Trade payables detailed by suppliers with large account balances				
ASIA DMC	376,456,298	376,456,298	376,456,298	376,456,298
Joint Stock Company				
San Hien	19,555,000	19,555,000	191,735,000	191,735,000
Transport Trading Co., Ltd				
Others	2,913,292,933	2,913,292,933	3,081,726,807	3,081,726,807
	3,309,304,231	3,309,304,231	3,649,918,105	3,649,918,105

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16 . TAX AND PAYABLES TO STATE BUDGET

	Receivable at the opening year	Payable at the opening year	Payable arise in the period	Amount paid in the period	Receivable at the closing period	Payable at the closing period
	VND	VND	VND	VND	VND	VND
Value added tax	-	699,492,475	808,136,536	1,024,621,023	-	483,007,988
Business income tax	-	3,125,734	-	-	-	3,125,734
Personal income tax	-	35,401,800	330,585,566	331,359,480	-	34,627,886
Property tax and land rental	-	348,417,122	2,106,039,051	705,343,889	-	1,749,112,284
Other taxes	-	3,046,102	21,392,767	24,106,459	-	332,410
Fees and other obligations	-	2,893,797	9,547,704	12,125,712	-	315,789
	-	1,092,377,030	3,275,701,624	2,097,556,563	-	2,270,522,091

The Company's tax settlements are subject to examination by the tax authorities. Because the application of tax laws and regulations on many types of transactions is susceptible to varying interpretations, amounts reported in the interim consolidated financial statements could be changed at a later date upon final determination by the tax authorities.

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17 . OTHER PAYABLES

	<u>30/06/2020</u>	<u>01/01/2020</u>
	VND	VND
- Trade union fund	89,738,822	47,783,951
- Social insurance	196,771,635	-
- Payables of collecting of State-owned capital transfer (*)	32,096,834,577	32,064,668,451
- Withdrawal of contributed capital in Thien Phuc Tourist JSC, awaiting for settlement	518,052,851	518,052,851
- Others	272,954,795	1,179,724,782
	<u>33,174,352,680</u>	<u>33,810,230,035</u>

(*) This is the amount arising from the capital transfer contract No.18/HDCNV dated 30 March 2016 between People's Committee of Thua Thien Hue Province (transferor) and Bitexco Group Company Limited (the transferee) with the information is as follows:

- Representative of the transferor: Mr. Nguyen Quoc Thanh - Chairman of the Board - The main representative of the State capital at Huong Giang Tourist Joint Stock Company, according to Decision No.624/QD-UBND dated 30 March 2016 of People's Committee of Thua Thien Hue Province.
- 12,572,200 shares, equivalent to the total face value of VND 125,722,000,000, accounting for 62.86% of the charter capital of Huong Giang Tourist Joint Stock Company.
- Total transfer value: VND 158,409,520,000.
- Account to receive transfer money is the bank deposit account of Huong Giang Tourist Joint Stock Company.

The Company has returned the amount of VND 126 billion according to the written requests of the People's Committee of Thua Thien Hue Province, the remaining amount will be returned when requested. As at 30/06/2020, this remaining amount is restricted to use under Official Dispatch No.1398/STC-TCDN dated 25 June 2016 of the Department of Finance of Thua Thien Hue Province.

(More information as in Notes 3).

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18 . BORROWINGS

	01/01/2020		During the period		30/06/2020	
	Outstanding balance	Amount can be paid	Increase	Decrease	Outstanding balance	Amount can be paid
	VND	VND	VND	VND	VND	VND
a) Short-term borrowings						
Current portion of long-term loan	1,332,396,000	1,332,396,000	-	444,132,000	888,264,000	888,264,000
An Binh Commercial Join Stock	1,332,396,000	1,332,396,000	-	444,132,000	888,264,000	888,264,000
Bank - Thua Thien Hue Branch (*)						
	1,332,396,000	1,332,396,000	-	444,132,000	888,264,000	888,264,000
b) Long-term borrowings						
An Binh Commercial Join Stock	2,930,781,000	2,930,781,000	-	444,132,000	2,486,649,000	2,486,649,000
Bank - Thua Thien Hue Branch (*)						
	2,930,781,000	2,930,781,000	-	444,132,000	2,486,649,000	2,486,649,000
Amount due for settlement within 12 months	(1,332,396,000)	(1,332,396,000)	-	(444,132,000)	(888,264,000)	(888,264,000)
Amount due for settlement after 12 months	1,598,385,000	1,598,385,000			1,598,385,000	1,598,385,000

Detailed information on long-term borrowings:

1. Credit contract No. 2507/16/TD-TT/XV between An Binh Commercial Joint Stock Bank - Thua Thien Hue Branch and Huong Giang Travel Sole Member Limited Liability Company, with the following details:

- + Loan: VND 3,150,000,000;
- + Loan purpose: To invest 04 passenger cars for business activities under Economic Contract No. 103-2016/HMT/HDKT dated 06/05/2016 and Economic Contract No. 104-2016/HMT/HDKT dated 06/05/2016 signed between Huong Giang Travel Company Limited and HMT Vietnam International Company;
- + Term of the contract: 60 months from the date the borrower draws down the loan for the first time;
- + Interest: According to the Bank's regulations at the time of drawdown;
- + Principal loan balance at the end of the period: VND 595,849,000. Of which: Payable amount in the next year is VND 366,664,000;
- + Collateral: Guaranteed by original documents proving ownership and use including: Car registration certificate No. 003993 issued by the police department of Thua Thien Hue province on 01 June 2016. Control sea: 75B - 011.47; Car registration certificate No.003994 issued by the police department of Thua Thien Hue province on June 1, 2016. License no. 75B - 011.36; Car registration certificate No. 002626 issued by the police department of Thua Thien Hue province on 03 June 2016. License no.75B - 011.25; Car registration certificate No.002625 issued by the police department of Thua Thien Hue province on 03 June 2016. License no.75B - 011.81.

2. Credit contract No.3597/18/TD-TT/XV dated 27/07/2018 between An Binh Commercial Joint Stock Bank - Thua Thien Hue Branch and Huong Giang Travel Sole Member Limited Liability Company, with the following details:

- + Loans: VND 2,934,000,000;
- + Loan purpose: To invest passenger cars for business activities;
- + Term of contract: 50 months from the date the borrower draws down the loan for the first time;
- + Interest: According to the Bank's regulations at the time of drawdown;
- + Principal loan balance at the end of the period: VND 1,890,800,000. Of which: Payable amount in the next year is VND 521,600,000;
- + Forms of loan security: Original documents proving ownership and use include: Car registration certificate No.021461 issued by the police department of Thua Thien Hue province on 24 July 2018; Car registration certificate No.021463 issued by the police department of Thua Thien Hue province on 24 July 2018.

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19 . OWNER'S EQUITY

a) Increase and decrease in owner's equity

	Contributed capital	Share premium	Retained earnings	Total
	VND	VND	VND	VND
Beginning balance of previous period	200,000,000,000	47,223,517,700	(25,330,550,252)	221,892,967,448
Profit for previous period	-	-	6,016,033,669	6,016,033,669
Other decrease	-	-	(1,000,000,000)	(1,000,000,000)
Ending balance of previous period	200,000,000,000	47,223,517,700	(20,314,516,583)	226,909,001,117
Beginning balance of current period	200,000,000,000	47,223,517,700	(23,077,424,008)	224,146,093,692
Loss for current period	-	-	(22,804,671,541)	(22,804,671,541)
Ending balance of current period	200,000,000,000	47,223,517,700	(45,882,095,549)	201,341,422,151

b) Details of owner's invested capital (*)

	30/06/2020	Rate (%)	01/01/2020	Rate (%)
	VND	(%)	VND	(%)
Bitexco Group of Companies	18,228,770,000	9.11%	18,228,770,000	9.11%
Crystal Treasure Limited	91,000,000,000	45.50%	91,000,000,000	45.50%
Le Thi Ngoc Thuy	14,000,000,000	7.00%	14,000,000,000	7.00%
White Crystal Co.,Ltd	19,252,230,000	9.63%	19,252,230,000	9.63%
Tan Truong Co., Ltd	40,000,000,000	20.00%	40,000,000,000	20.00%
Others	17,519,000,000	8.76%	17,519,000,000	8.76%
	200,000,000,000	100%	200,000,000,000	100%

(*) Details of Owner's investment capital according to the list of securities holders of Asia Pacific Securities Joint Stock Company on 30/06/2020.
(Asia Pacific Securities Joint Stock Company is authorized to manage shareholder books for Huong Giang Tourist Joint Stock Company).

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c) Capital transactions with owners and distribution of dividends and profits

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Owner's contributed capital	200,000,000,000	200,000,000,000
- At the beginning of period	200,000,000,000	200,000,000,000
- At the ending of period	200,000,000,000	200,000,000,000

d) Stock

	30/06/2020	01/01/2020
Quantity of Authorized issuing stocks	20,000,000	20,000,000
Quantity of issued shares and full capital contribution	20,000,000	20,000,000
- Common stocks	20,000,000	20,000,000
Quantity of outstanding shares in circulation	20,000,000	20,000,000
- Common stocks	20,000,000	20,000,000
Par value per stock (VND)	10,000	10,000

20 . OFF STATEMENT OF FINANCIAL POSITION ITEMS AND OPERATING LEASE COMMITMEN**a) Operating leased assets**

The Company signed land lease contracts with details as follows:

- Land lease contract at No.51 Le Loi street is used for tourism business from 1996 to 2026. The leased area is 13,508 m2, on which the Company is currently having its hotel and restaurant business. According to the contract No. 67 HD/TD dated 20/09/1999, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.

- Land lease contract at No.11 Le Loi street is used for tourism business from 2001 to 2031. The leased area is 9,222 m2, on which the Company is currently running Festival Hue restaurant. According to the contract No. 11 HD-TD dated 01/04/2003, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.

- Land lease contract at No.30 Le Loi street is used for tourism business from 2004 to 2044. The leased area is 7,702 m2, on which the Company in association with Saigontourist JSC is currently running its restaurant and hotel business. According to the contract No. 34/HD-TD dated 09/11/2004, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.

- Land lease contract at No.101 Hung Vuong street (formerly known as 41 Hung Vuong) is used for tourism business from 2000 to 2020. The leased area is 1,301 m2, on which the Company is currently having its restaurant business. According to the contract No. 38/HD-TD dated 25/10/2000, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.

- Land lease contract at Planning area of high way 1A - Tu Duc, Xuan Thuy Ward is used for construction of office and cluster of tourist services from 2011 to 2041. The leased area is 2,100.1 m2. According to the contract No. 30/HDTD dated 22/06/2016, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.

- Land lease contract at No.51 Le Loi street is used for business from 06/12/2019 to 16/05/2024. The leased area is 680 m2, on which the Company is currently using to make the landscape of Mat Ngoc Lake at Huong Giang Hotel. According to the contract No. 88/HDTD dated 06/12/2019, the Company has to pay land rental until the contractual maturity date in accordance with the current regulations of the State.

b) Foreign currencies

	30/06/2020	01/01/2020
- USD	6,183.90	5,465.81
- EUR	447.69	1,354.39

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21 . TOTAL REVENUE FROM SALE OF GOODS AND RENDERING OF SERVICES

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Revenue from renting room, food and beverage service	12,374,310,175	24,792,929,867
Revenue from rendering of services	4,291,692,611	25,236,197,957
	16,666,002,786	50,029,127,824
Revenue from related parties (Details as in Notes No.33).	-	8,700,000

22 . COSTS OF GOODS SOLD

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Costs of renting room, food and beverage service	11,352,939,697	17,615,193,681
Costs of services rendered	7,111,572,459	21,386,840,515
	18,464,512,156	39,002,034,196

23 . FINANCE INCOME

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Interest income, interest from loans	876,596,129	858,426,263
Realized gain from foreign exchange difference	54,098	423,272
	876,650,227	858,849,535
Finance income from related parties (Details as in Notes No.33).	526,865,555	-

24 . FINANCIAL EXPENSES

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Interest expenses	110,098,317	159,377,308
Realized loss from foreign exchange difference	82,169	216,426
	110,180,486	159,593,734

25 . SELLING EXPENSES

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Raw materials	27,301,833	65,378,921
Labor	456,839,652	784,996,176
Expenses from external services	27,465,421	54,131,334
Other expenses by cash	71,129,990	158,207,060
	582,736,896	1,062,713,491

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26 . GENERAL ADMINISTRATIVE EXPENSES

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Raw materials	370,954,966	1,056,715,122
Labor	4,496,650,952	5,448,640,063
Depreciation and amortisation	294,916,458	392,684,118
Tax, Charge, Fee	156,099,342	449,501,793
Provision expenses	298,897,338	-
Expenses from external services	1,052,427,418	310,762,683
Other expenses by cash	332,026,853	1,525,685,154
	7,001,973,327	9,183,988,933

27 . OTHER INCOME

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Gain from liquidation, disposal of fixed assets	-	460,909,091
Others	763,735,279	64,740,796
	763,735,279	525,649,887

28 . OTHER EXPENSE

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Liquidation of management consulting and operation contracts (*)	8,964,422,798	-
Repair cost	-	18,810,583
Others	300	-
	8,964,423,098	18,810,583

(*) According to Resolution No. 18/20 / NQ-HĐQT dated June 30, 2020 and the minutes of contract liquidation dated June 30, 2020 between Huong Giang Tourist Joint Stock Company and Azula Management Co., Ltd., the company decided to recognize all costs incurred related to the contract of hotel management and operation consultancy with Azula Management Co., Ltd. into expenses during the period.

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29 . BASIC EARNINGS PER SHARE

Earning per share distributed to common shareholders of the company is calculated as follows :

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Net profit after tax	(22,804,671,541)	6,016,033,669
Profit distributed for common stocks	(22,804,671,541)	6,016,033,669
Average number of outstanding common shares in circulation in the period	20,000,000	20,000,000
Basic earnings per share	(1,140)	301

The company has not planned to make any distribution to Bonus and welfare fund, bonus for the Board of Directors from the net profit after tax at the date of preparing Interim Consolidated Financial Statements.

30 . BUSINESS AND PRODUCTIONS COST BY ITEMS

	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Raw materials	5,233,224,361	15,382,528,528
Labour	12,111,673,722	17,774,720,581
Depreciation and amortisation	2,002,724,509	2,151,793,119
Expenses from external services	3,253,312,614	4,487,551,833
Other expenses by cash	3,460,270,173	9,464,492,559
	26,061,205,379	49,261,086,620

31 . FINANCIAL INSTRUMENTS

The types of financial instruments of the Company include:

	Carrying amount			
	30/06/2020		01/01/2020	
	Original Cost	Provision	Original Cost	Provision
	VND	VND	VND	VND
Financial Assets				
Cash and cash equivalents	46,153,467,192	-	51,037,373,424	-
Trade receivables, other receivables	14,437,519,937	(1,812,322,376)	19,758,931,326	(1,513,425,038)
Loans	12,600,000,000	-	11,900,000,000	-
	73,190,987,129	(1,812,322,376)	82,696,304,750	(1,513,425,038)

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	Carrying amount	
	30/06/2020	01/01/2020
	VND	VND
Financial Liabilities		
Borrowings and debts	2,486,649,000	2,930,781,000
Trade payables, other payables	36,483,656,911	37,460,148,140
	38,970,305,911	40,390,929,140

Financial assets and financial liabilities are not revalued according to fair value at the end of the period because the Circular No. 210/2009/TT-BTC and prevailing statutory regulations require to present Financial Statements and Notes to financial instruments but do not provide any relevant instruction for assessment and recognition of fair value of financial assets and liabilities, excluding provision for doubtful debts which are presented in relevant notes.

Financial risk management

The Company's financial risks including market risk, credit risk and liquidity risk. The Company has developed its control system to ensure the reasonable balance between cost of incurred risks and cost of risk management. The Board of General Directors of the Company is responsible for monitoring the risk management process to ensure the appropriate balance between risk and risk control.

Market risk

The Company's business operations will bear the risks of changes exchange rates and interest rates.

Exchange rate risk

The Company bears the risk of exchange rate due to the fluctuation in fair value of future cash flows of a financial instrument in line with changes in exchange rates if loans, revenues and expenses of the Company are denominated in foreign currencies other than VND.

Interest rate risk

The Company bears the risk of interest rates due to the fluctuation in fair value of future cash flow of a financial instrument in line with changes in market interest rates if the Company has time or demand deposits, borrowings and debts subject to floating interest rates. The Company manages interest rate risk by analyzing the market competition situation to obtain interest beneficial for its operation purpose.

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Credit Risk

Credit risk is the risk of financial loss to the Company if a counterparty fails to perform its contractual obligations. The Company has credit risk from operating activities (mainly to trade receivables) and financial activities (including deposits, loans and other financial instruments), detailed as follows:

	<u>Under 1 year</u>	<u>From 1 to 5 years</u>	<u>From more than 5</u>	<u>Total</u>
	<u>VND</u>	<u>VND</u>	<u>years</u>	<u>VND</u>
			<u>VND</u>	
As at 30/06/2020				
Cash and cash equivalents	46,153,467,192	-	-	46,153,467,192
Trade receivables, other receivables	7,176,379,881	5,448,817,680	-	12,625,197,561
Loans	12,600,000,000	-	-	12,600,000,000
	<u>65,929,847,073</u>	<u>5,448,817,680</u>	<u>-</u>	<u>71,378,664,753</u>
As at 01/01/2020				
Cash and cash equivalents	51,037,373,424	-	-	51,037,373,424
Trade receivables, other receivables	12,796,688,608	5,448,817,680	-	18,245,506,288
Loans	11,900,000,000	-	-	11,900,000,000
	<u>75,734,062,032</u>	<u>5,448,817,680</u>	<u>-</u>	<u>81,182,879,712</u>

Liquidity Risk

Liquidity risk is the risk that the Company has trouble in settlement of its financial obligations due to the lack of funds. Liquidity risk of the Company is mainly from different maturity of its financial assets and liabilities.

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Due date for payment of financial liabilities based on expected payment under the contracts (based on cash flow of the original debts) as follows:

	<u>Under 1 year</u>	<u>From 1 to 5 years</u>	<u>From more than 5</u>	<u>Total</u>
	<u>VND</u>	<u>VND</u>	<u>years</u>	<u>VND</u>
			<u>VND</u>	
As at 30/06/2020				
Borrowings and debts	888,264,000	1,598,385,000	-	2,486,649,000
Trade payables, other payables	36,483,656,911	-	-	36,483,656,911
	<u>37,371,920,911</u>	<u>1,598,385,000</u>	<u>-</u>	<u>38,970,305,911</u>
As at 01/01/2020				
Borrowings and debts	1,332,396,000	1,598,385,000	-	2,930,781,000
Trade payables, other payables	37,460,148,140	-	-	37,460,148,140
	<u>38,792,544,140</u>	<u>1,598,385,000</u>	<u>-</u>	<u>40,390,929,140</u>

The Company believes that risk level of loan repayment is low. The Company has the ability to pay due debts from cash flows from its operating activities and cash received from mature financial assets.

32 . EVENTS AFTER BALANCE SHEET DATE

There have been no significant events occurring after the reporting period, which would require adjustments or disclosures to be made in the Interim Consolidated Financial Statements.

33 . TRANSACTION AND BALANCES WITH RELATED PARTIES

During the period, the Company has the transactions and balances with related parties as follows:

Transactions during the period:

	<u>Relation</u>	<u>first 06-month of</u>	<u>first 06-month of</u>
		<u>the year 2020</u>	<u>the year 2019</u>
		<u>VND</u>	<u>VND</u>
Revenue		-	8,700,000
Bitexco Group of Companies	Shareholder	-	8,700,000
Financial income		526,865,555	-
Hotel De La Cite Imperiale Co.,Ltd.	Associates	493,675,000	-
Citadel Investment Tourist Co., Ltd.	Associates	33,190,555	-

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Outstanding balances up to the reporting date are as follows:

	Relation	30/06/2020	01/01/2020
		VND	VND
Loan receivables		11,300,000,000	11,100,000,000
Hotel De La Cite Imperiale Co.,Ltd.	Associates	10,500,000,000	10,500,000,000
Citadel Investment Tourist Co., Ltd.	Associates	800,000,000	600,000,000
Other receivables		2,363,072,338	5,119,397,338
Bitexco Group of Companies	Shareholder	1,570,500,000	1,570,500,000
Thien Phuc Tourist Joint Stock Company	Associates	298,897,338	298,897,338
Saigon Morin Hue Company Limited	Joint venture	-	3,250,000,000
Hotel De La Cite Imperiale Co.,Ltd.	Associates	493,675,000	-

Transactions with other related parties:


	first 06-month of the year 2020	first 06-month of the year 2019
	VND	VND
Remuneration to General Director	407,805,167	416,844,492
Remuneration to other members of The Board of General Directors and The Board of Management	948,877,569	436,714,284

34 . COMPARATIVE FIGURES

The comparative figures on the Interim Consolidated Statement of Financial Position and Notes are taken from the Consolidated Financial Statements for the fiscal year ended as at 31 December 2019, which was audited by AASC Auditing Firm Company Limited. The comparative figures on the Interim Consolidated Statement of income, Interim Consolidated Statement of Cash flows and Notes are taken from the Interim Consolidated Financial Statements which have been reviewed for the period from 01/01/2019 to 30/06/2019.


Ngo Duc Chinh
Preparer


Ngo Duc Chinh
Chief Accountant


Le Ba Giang
Deputy General Director



Thua Thien - Hue, 20 July 2020